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Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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"To Enrich Lives Through Effective And Caring Service"

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September 29, 2015


The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12 September 29, 2015


PATRICK O'GARA
ACTING EXECUTIVE OFFICER

**APPROVAL OF AN EXCLUSIVE NEGOTIATION AGREEMENT
WITH LEWIS ACQUISITION COMPANY, LLC
MARSHALL CANYON GOLF COURSE
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

Approval of the recommended actions will allow the County and the property developer, Lewis Acquisition Company, LLC, to enter into a 16-month exclusive negotiation agreement to explore the feasibility of exchanging the County's Marshall Canyon Golf Course located at 6100 Stephens Ranch Road, La Verne, for the Sierra La Verne Golf Course located at 6300 Country Club Drive, La Verne.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and authorize the Mayor to execute the exclusive negotiation agreement with Lewis Acquisition Company, LLC, establishing a 16-month period in which Lewis Acquisition Company, LLC, would have the exclusive right to analyze conceptual development ideas encompassing the Marshall Canyon Golf Course located at 6100 Stephens Ranch Road, La Verne, and for the parties to engage in exclusive negotiations to establish an exchange agreement for the exchange of the golf course properties.
2. Authorize the Chief Executive Office to negotiate exclusively with Lewis Acquisition Company, LLC, to establish key terms and conditions, which would form the basis of an exchange agreement to exchange golf courses.

3. Authorize and instruct the Chief Executive Office to establish a trust account to receive a deposit that will be collected from Lewis Acquisition Company, LLC, to cover reasonable costs that the County may incur in evaluating and assessing the potential exchange agreement. The deposit has been set at \$75,000, and is the maximum amount Lewis Acquisition Company, LLC, will reimburse the County for its due-diligence costs.

4. Authorize the Chief Executive Office to execute a final draft of the exclusive negotiation agreement, prepare and execute a permit to enter, and other ancillary documentation necessary to facilitate Lewis Acquisition Company, LLC's, access to the Marshall Canyon Golf Course to conduct property inspections and other tasks necessary to carry out the terms of the proposed exclusive negotiation agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Lewis Acquisition Company, LLC, (Lewis) is a subsidiary of Lewis Operating Corp, who has an option interest in purchasing the approximately 120-acre, privately-owned Sierra La Verne Golf Course located in the City of La Verne (City). Adjoining the Sierra La Verne Golf Course property is the approximately 120-acre Marshall Canyon Golf Course owned by the County of Los Angeles.

An unsolicited request was submitted by Lewis expressing an interest in exchanging properties. The request led to discussions about entering into exclusive negotiations for 16 months. It is the intent of Lewis, as a privately-held real estate organization, to explore the possibility of acquiring the Marshall Canyon Golf Course with the intent of developing residential housing on the acquired site and to partner with the City on annexing the site. The City would be the lead agency under the California Environmental Quality Act (CEQA) in connection with the environmental analysis and reporting requirements for any future development.

The proposed exclusive negotiation agreement (ENA) allows the parties to engage in exclusive negotiations to establish the terms and conditions for a potential exchange agreement, and does not constitute an approval of any project, nor does it commit the County to exchange property. Approval of the ENA merely allows exploratory actions, whereby Lewis is granted the right to analyze, study, and design their potential development of the Marshall Canyon Golf Course. An approved ENA will also provide the County with the right to explore operating the Sierra La Verne Golf Course for County golf and associated activities.

Should the exchange negotiations be successful, the Chief Executive Office (CEO) will return to the Board of Supervisors with a recommendation to authorize and approve the proposed property exchange. As conceived, the potential exchange of the Marshall Canyon Golf Course for the Sierra La Verne Golf Course between the County and the City could be authorized pursuant to Government Code section 25365, and such an exchange should benefit the population of the County, since the County would acquire a golf course that is more economically viable with better improvements, and a more robust banquet and wedding operation.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability (Goal 1) directs that we maximize the effectiveness of processes, structure, operations, and strong fiscal management to support timely delivery of customer-oriented and efficient public services. Approving the proposed action is consistent with this goal since exploring the possibility of exchanging the County's existing Marshall Canyon Golf Course, at no cost to the County, will identify ways to enhance the operations and fiscal management of a County golf course in this community.

FISCAL IMPACT/FINANCING

No financial impact is expected since costs associated with the ENA, including inspections, appraisals, document reviews, environmental assessments, and pre-construction activities will be expensed and billed directly to Lewis. Upon Board of Supervisors' approval of the ENA, Lewis will make a payment of \$75,000 to the County to cover the County's due-diligence expenses.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Authority for the CEO to negotiate an exchange agreement, on behalf of the Board of Supervisors, is authorized by Section 2.08.150 of the County Code as it relates to the administration of transactions.

Under that code provision, the CEO shall administer and negotiate for the Board of Supervisors all transactions pertaining to purchases, sales, dedications, leases, or rentals of real property or any interest therein, to or by either the County or any public entity of which the Board of Supervisors is the ex-officio governing body.

The proposed ENA includes a provision requiring Lewis to conduct a Community Outreach campaign informing the surrounding community of the proposed exchange and development.

County Counsel has reviewed the attached ENA and has approved it as to form.

ENVIRONMENTAL DOCUMENTATION

Approval of the proposed ENA does not constitute a project under CEQA as it is not an activity which may cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, CEQA review is not required in connection with the currently recommended actions. The appropriate environmental studies and documentation will be completed prior to returning to the Board of Supervisors for consideration and approval of any discretionary action that may impact the environment, such as consummation of an exchange agreement involving the subject properties.

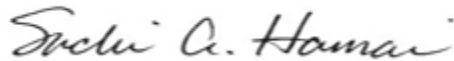
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the current recommendation will have no impact on current services.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors, return two original copies of the signed ENA, a certified copy of the Minute Order, and the adopted, stamped Board letter to the CEO, Real Estate Division at 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in cursive script, reading "Sachi A. Hamai".

SACHI A. HAMAI

Interim Chief Executive Officer

SAH:JJ

CMM:KW:ls

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Parks and Recreation

**EXCLUSIVE NEGOTIATION AGREEMENT
FOR POTENTIAL EXCHANGE
OF GOLF COURSE PROPERTIES BETWEEN
COUNTY OF LOS ANGELES AND LEWIS ACQUISITION COMPANY
MARSHALL CANYON GOLF COURSE AND SIERRA LA VERNE GOLF COURSE**

This Exclusive Negotiation Agreement for a potential exchange of real property ("ENA") is made and entered into as of _____, 2015 ("Effective Date") by and between Lewis Acquisition Company, LLC, a Delaware limited liability company ("Developer"), and the County of Los Angeles ("County"), each individually a "Party" and collectively the "Parties".

RECITALS

A. The County owns certain real property located at 6100 Stephens Ranch Road, La Verne, California, known as the approximately 18 hole, 120-acre Marshall Canyon Golf Course as depicted on Exhibit "A" attached hereto and incorporated herein by reference, (the "County Property" and/or the "County Golf Course").

B. Developer has an option interest in certain real property that is owned and operated by Zaruka Investment Properties, LLC ("Zaruka") located at 6300 Country Club Drive, La Verne, California, known as the Sierra La Verne Country Club and Golf Course depicted in Exhibit "B" attached hereto and incorporated herein by reference (the "Developer Property" and/or the "Developer Golf Course"). The Developer Golf Course adjoins the County Golf Course and the Marshall Canyon Conservation Corridor. According to Developer, the proximity of the County Golf Course to the Developer Golf Course and the natural, open space areas present unique development opportunities on the County Property if Developer were to acquire the County Golf Course. The Developer Golf Course, inclusive of any improvements to the Developer Golf Course reasonably determined by the County and Developer to be necessary to bring the Developer Golf Course to County standards prior to the exchange (the "Developer Golf Course Improvements"), will offer a variety of modern improvements and amenities that would be an upgrade over the current County Golf Course facilities and beneficial to both the County and to golf course patrons.

C. Developer is desirous of annexing the County Property into the City and then, after the County Exchange is completed, of developing the County Property in a manner that is coordinated and consistent with the community's needs and conforming to applicable local and regional development plans and with all requirements of the City. The County is desirous of providing an improved and modernized golf, open space, and outdoor activity experience to County residents and enhancing and protecting the adjacent open spaces, conservation corridors, and its environs. The Developer and County desire to explore the possibility of exchanging the subject golf courses to further their respective goals in the La Verne community. To each meet their respective goals, the County would convey the County Golf Course to Developer, as is, for future development and Developer, upon completion of any Developer Golf Course Improvements, would convey

the Developer Golf Course to County ("County Exchange"). Consistent with these public goals, the County and the Developer desire to negotiate a possible exchange agreement for the County Golf Course and the Developer Golf Course (the "Exchange Agreement").

D. As further described below, the County shall not proceed with the Exchange Agreement until the Parties have reasonably determined and agreed upon a Public Outreach Campaign as well as the Developer Golf Course Improvements, if any, necessary to bring the Developer Golf Course to County standards, and negotiated, executed and delivered mutually acceptable agreements and documents based upon financial analysis and information produced from the California Environmental Quality Act ("CEQA") environmental review process and upon other public review and hearing processes, including but not limited to the public review and hearing process required by the Act, and subject to all applicable governmental approvals.

E. The City of La Verne ("City") will be the lead agency under CEQA in connection with the consideration and analysis of the environmental impacts of the County Exchange and in consultation with the County. Because the County has not completed a CEQA review, this ENA does not constitute or evidence an approval by the County of, or commitment of the County to, any action for which prior environmental review is required under CEQA. The County retains the absolute sole discretion to make decisions under CEQA, which discretion includes, without limitation (i) deciding not to proceed with the County Exchange, and/or any of the agreements contemplated in this ENA. There shall be no approval or commitment by the County regarding the County Exchange, the Exchange Agreement, or any of the agreements contemplated in this ENA unless and until the County as a responsible agency, and based upon information resulting from the CEQA environmental review process, makes findings as to the environmental impacts of the County Exchange.

F. Developer is aware that the County's transfer of the County Golf Course to Developer as anticipated in the County Exchange is also subject to the Park Preservation Act, and that any negotiations and agreements entered into between the Parties are subject to the provisions of said Act.

IN CONSIDERATION OF, and subject to, the above Recitals, the Parties hereby agree as follows:

AGREEMENT

1. Agreement to Negotiate: Good Faith Negotiations.

A. Exclusive Negotiations. During the Term, as defined below, and so long as Developer is negotiating in good faith and is not otherwise in default of its obligations under this ENA, the County will make an effort to not solicit offers of proposals from other parties concerning leasing, using, or making improvements to the County Golf Course. The Parties will negotiate exclusively and in good faith in accordance with this ENA

regarding the terms of the Exchange Agreement. Developer acknowledges, however, that the County may, from time to time, be contacted by other developers regarding the County's long-term use, plans, or development of the County Golf Course and that such contact is expressly permitted under applicable laws, such as the California Public Records Act, Civil Code section 6520 et seq. ("Public Records Act"), and that County may have disclosure obligations under such laws.

B. Essential Terms. The Parties acknowledge that this ENA does not establish all the essential terms of the County Exchange and that although they have set forth herein a framework for negotiation of the essential terms of the County Exchange: (i) they have not set forth herein nor agreed upon many of the essential terms of the Exchange Agreement including, among other conditions, the price, terms, or timing of the potential exchange of golf courses; (ii) they do not intend this ENA to be a statement of the essential terms of the Exchange Agreement; and (iii) the essential terms of the exchange of golf courses, if agreed to by the Parties, shall be set forth, if at all, in the documentation negotiated, approved and executed by authorized representatives of each of the Parties after all required CEQA reviews have been conducted and determinations made.

2. Term and Termination.

A. Term. This ENA shall commence upon the Effective Date and shall terminate sixteen (16) months thereafter ("Term") unless mutually extended by written approval of the Parties as set forth below. The Parties agree to negotiate in good faith during the Term and if the Parties have not executed and delivered the Exchange Agreement within such time, the Parties may extend the Term of this ENA for a period not exceeding six (6) months from the end of the initial Term, subject to the County's evaluation of whether substantial progress has been made towards fulfillment of the requirements of this ENA, including, without limitation, whether the Developer is diligently pursuing any County, City or other governmental actions or approvals necessary or convenient to assess and consider approval of the County Exchange. The Term may be extended only by written amendment to this ENA executed by authorized representatives of the Parties, and no other act or failure to act by the County or any of its representatives shall result in an extension of the Term.

B. Right to Terminate.

(i) If the County reasonably determines that a successful consummation of the negotiations is not likely or that the County Exchange is not feasible or capable of being financed by Developer in a commercially reasonable manner, it may terminate this ENA upon written notice to Developer (a "County Termination Notice") and such termination shall be deemed effective, unless withdrawn by the County, on the 30th day after delivery of the County Termination Notice. Upon the County's termination of this ENA, any rights or interest that Developer or County may have hereunder shall cease and the each party shall have the right thereafter to use, develop on its own, or dispose of their respective properties as each shall determine appropriate in their sole discretion.

The County may retain and use copies of any engineering and non-design architect technical reports covering the physical condition of the County Golf Course and produced by Developer or Developer's agents, such as soils reports, contamination reports, subsurface engineering reports, and geotechnical reports but such use shall be without any warranty made by Developer, express or implied as to the contents of such reports, including, without limitation, any warranties of merchantability or fitness and any warranties as to the accuracy or completeness of such reports.

(ii) If Developer determines that a successful consummation of the negotiations is not likely or that the County Exchange is not feasible or capable of being financed by Developer in a commercially reasonable manner, it may terminate this ENA upon written notice to the County (a "Developer Termination Notice") and such termination shall be deemed effective, unless withdrawn by Developer, on the 30th day after delivery of the Developer Termination Notice. Upon Developer's termination of this ENA, any rights or interest that Developer or County may have hereunder shall cease and each party shall have the right thereafter to use, develop on its own, or dispose of their respective properties as each shall determine appropriate in their sole discretion.

C. Execution. No agreement or documentation that may hereafter be negotiated between the Parties shall become final and binding unless and until (i) the County has complied with all applicable requirements of CEQA pertaining to the exchange of golf courses; (ii) such documentation is approved by the Board of Supervisors; and (iii) such documentation is executed by the authorized representatives of each of the Parties.

D. Approval of the Exchange Agreement. Prior to the satisfaction of the terms set forth in Section 2.C., no (i) negotiation or preparation of any Exchange Agreement or other related documentation, including without limitation, any specific terms and provisions or any form of document, (ii) review or approval by the County of various stages of proposed plans and specifications for the County Exchange; or (iii) cooperation or participation by the County in development applications or submittals for the County Exchange, if necessary, shall constitute the County's approval to proceed with the exchange of golf courses.

3. Payment and Deposit.

A. Compensation for Actual ENA Expenses Incurred by County. Developer shall compensate the County up to a maximum aggregate of Seventy Five Thousand Dollars (\$75,000.00) (the "Deposit") for the County's reasonable actual costs related to assessment of the County Exchange and negotiation of the Exchange Agreement and other related agreements ("County ENA Expenses"). The County ENA Expenses shall include, without limitation, the cost of any in-house staff time and third party consultation fees, actually incurred to perform financial analysis, negotiations, appraisals, engineering studies, technical services or other similar services, or supervision of on-site Developer Golf Course testing or inspections, due diligence investigations and studies, appropriate services, and other County administrative costs expended in the evaluation of the County

Exchange, including drafting development and schematic plans for the Developer Golf Course, if needed, reviewing and drafting engineering and other reports related to the County Exchange, reviewing and drafting operational plans for conformance with the County's standard operating procedures for golf courses, and reviewing Developer's plans and specifications for the County Exchange. Notwithstanding anything to the contrary contained herein, if the County is requested to perform any engineering studies, technical services or other similar services, or supervision of on-Golf Course testing or inspections, or if the Deposit is insufficient to cover County ENA Expenses the County shall have the right to request additional funds as may be reasonably necessary to compensate the actual costs of providing those services or County ENA Expenses. If Developer does not consent to make such additional payments, the County may decline to provide the services and may terminate this ENA. In no event shall Developer be obligated to pay any County ENA Expenses in excess of the aforementioned \$75,000 compensation amount without the prior written consent of Developer. The County shall provide quarterly updates to Developer that itemize the County ENA Expenses paid the prior quarter using the Deposit.

B. Non-Refundable Deposit. As a condition precedent to the ENA, Developer shall deposit the aforementioned compensation in the amount of Seventy Five Thousand Dollars (\$75,000) no later than fifteen (15) days after full execution of this ENA. Said compensation amount shall be deposited in the form of certified check into a trust fund to be designated by County. In the event this ENA terminates or is terminated as provided in Section 2, the Deposit will become non-refundable to the extent necessary to pay County ENA Expenses incurred or contractually committed to be paid as of the date of termination, and the County shall return to Developer any portion of the Deposit that is not needed to pay such County ENA Expenses. The Parties agree that the County (a) has no obligation to pay interest on the Deposit to Developer, and (b) is not required to deposit the Deposit in an interest bearing account. Interest, if any, earned on the Deposit may remain in the Deposit account and may be added to the amount of the Deposit. The County shall itemize expenses.

4. Agreements to be Negotiated.

A. Exchange Agreement. The County and Developer shall work in good faith to negotiate and jointly prepare an Exchange Agreement during the term of this ENA. The Exchange Agreement shall include, without limitation, provisions relating to: (1) all necessary Developer Golf Course Improvements that the County and Developer reasonably determine and agree are necessary to bring the Developer Golf Course to County standards prior to the County Exchange; (2) any necessary relocation of improvements or facilities at the County Golf Course to other locations as determined by County; (3) a schedule of performance; (4) the Parties' obligations during the term of the Exchange Agreement and escrow instructions, including the conditions to close, for the consummation of the golf course exchange; (5) how County Golf Course operations will continue during and after the County Exchange; (6) the County's review and approval, in its sole and absolute discretion, of all proposed operational plans for the Developer Golf Course, including the assumption, modification or termination of all existing leases and

other agreements regarding the current operation of the Developer Golf Course (the "Existing Developer Golf Course Agreements"). The Exchange Agreement shall also include provisions common in a sale and purchase agreement, such as those relating to term, price, construction procedures, encumbrances, and access rights to perform due diligence and construction work prior to completing the County Exchange.

B. Other Agreements. If the County Exchange requires other agreements, such as reciprocal easements, sales, exchanges, licenses, dedications, each of those agreements shall be negotiated in accordance with applicable County policies and procedures and County Board of Supervisors' authority. Developer shall be responsible for coordinating and ensuring that all documents with third parties are consistent with the agreements required for the County Exchange.

C. Execution by Developer. In the event the Parties have not agreed on the form of Exchange Agreement and other agreements and Developer and County have not executed the Exchange Agreement and such other agreements prior to the expiration of the Term or earlier termination of this ENA, upon expiration or termination of this ENA, Developer shall have no further rights or interest in the County Golf Course and County shall have no further rights or interest in the Developer Golf Course.

5. County Obligations.

A. Funding Obligation. The County has not by its execution of this ENA agreed to fund, subsidize or otherwise financially contribute in any manner toward the County Exchange.

B. County Discretion. The County is not by its execution of this ENA approving, committing to, or agreeing to undertake: (i) the County Exchange or any other development; (ii) sale, lease, exchange, or other disposition of land to the Developer; or (iii) any other acts or activities requiring the subsequent independent exercise of discretion by the County.

6. Developer's Regulatory Approval Responsibilities.

Without limiting any other provision of this ENA, during the Term, Developer, at its sole cost and expense, shall prepare and submit the following information and documents and perform the following acts, all in furtherance of the negotiation process:

A. County Exchange Information. County and all other agencies having regulatory jurisdiction will require planning and design approval for the County Exchange. Developer shall meet with representatives of the County to review and come to a clear understanding of the planning and design requirements of the County and other agencies for the County Exchange. Within one year after the Effective Date, Developer shall submit to the County the following information and documents:

(i) Evidence reasonably satisfactory to the County that Developer has the legal authority, property rights, resources, and financial capability to participate in the County Exchange;

(ii) County Exchange development schedule by phase including milestones for the completion of any Developer Golf Course Improvements, and for all related environment/land use entitlements and construction permits;

(iii) A financing plan, if needed, for the County Exchange that shall include: source, availability and estimated amounts of a) equity capital, and b) construction and long-term financing;

(iv) A description of any permits or entitlements that the County will require be issued by the City or County to complete the County Exchange and permit the County to own and operate the Developer Golf Course as a County golf course and a proposed schedule and cost estimate for obtaining such entitlements including all actions required to process and obtain such entitlements;

(v) A development pro forma for the County Exchange in sufficient detail to allow the County to evaluate the economic feasibility of the County Exchange, including, without limitation, a statement of the overall estimated costs of the construction of any Developer Golf Course Improvements, an estimate of income to be derived by the County from the ownership and operation of the Developer Golf Course after completion of the County Exchange, and the operating costs and debt service, if any, of the County owning and operating the Developer Golf Course, including all income and costs related to the Developer Golf Course Agreements ("Developer Golf Course Pro Forma"). The Developer Golf Course Pro Forma is required to enable the County to evaluate the economic benefits of the County retaining and operating the County Golf Course versus the economic benefits of the County Exchange and acquiring and operating the Developer Golf Course the overall economic feasibility of the County Exchange.

(vi) A description of its Public Outreach Campaign and all activities conducted to inform the surrounding community. Any responses, comments or documents received from community members and local citizens.

B. County Exchange Progress Information. Developer shall provide reasonable prior notice, to the extent reasonably possible to provide such notice, to the County of any substantive County Exchange planning meetings with governmental offices (including staff) at the County and the City relating to the County Exchange and allow the County to attend such meetings at the County's sole discretion. Developer shall keep the County fully informed during the Term regarding all substantive matters affecting the County Exchange about which Developer has or acquires knowledge.

C. Environmental Documents. The Developer shall bear the costs associated with the preparation and certification of any required environmental documents including an Environmental Impact Report in compliance with CEQA. The Parties presume that

the City will be the lead agency and the County will be a responsible agency in connection with any required environmental reviews or determinations required by CEQA. Developer shall arrange and pay for all required CEQA studies and reviews at its sole cost and expense. The County shall exercise its own independent judgment in the review, approval and/or certification of any environmental documents prepared in connection with the County's consideration of the County Exchange.

D. Further Information. The County reserves the right at any time to request from Developer, and Developer shall provide in a timely manner, additional or updated information about Developer and/or the County Exchange; and

E. Developer shall be responsible for responding and handling questions from the public and the local residents regarding the County Exchange.

7. Inspections.

A. Developer Inspections. During the Term, Developer may conduct such inspections, tests, surveys, and other analyses ("Inspections") as Developer deems reasonably necessary to determine the feasibility of acquiring and developing the County Property and shall complete such Inspections as promptly as reasonably possible within the Term as set forth herein. Any entry onto the County Golf Course by Developer or its employees, agents, contractors, successors and assigns, shall be in accordance with the Permit to Enter ("ROE Permit") in the form attached as Exhibit "C" which shall be executed within 30 days after the Effective Date. Pursuant to the ROE, Developer shall coordinate and schedule the time(s) of its entry on to the County Golf Course to meet County's requirements. Developer's and its contractors' access to the County Golf Course shall not interfere, conflict with or impair County Golf Course operations or other activities on the County Golf Course as set forth in the ROE.

B. County Inspections. Developer's option agreement for the Developer Golf Course with Zaruka provides County with the right to inspect the Developer Golf Course, in accordance with the terms and conditions for such entry set forth in Exhibit "D" attached hereto (the "County Entry Permit"). County agrees to comply with the terms of the County Entry Permit set forth in Exhibit "D".

8. Plans, Reports, Studies, and Entitlements.

A. County Information. the County, in its sole discretion, may make available to Developer upon Developer's written request, existing information and plans held by the County regarding the County Golf Course provided that Developer and any person with access to such information and plans must execute a non-disclosure agreement and follow the County's confidentiality and use limitations set forth in such agreement. Developer agrees to conform to and abide by such confidentiality and use limitations as set forth in the County's then current standard non-disclosure agreement. Developer also agrees to conform to and abide by any applicable confidentiality laws or regulatory requirements.

B. Provision of Plans. All plans, reports, studies (including zoning and development entitlement applications, environmental documents, and reports filed in connection therewith), and investigation reports prepared by Developer during the Term with respect to the County Golf Course and the County Exchange (collectively, "Developer Plans") shall be prepared at Developer's sole cost and expense. Upon request by the County or any regulatory agency, Developer shall provide to the County or the requesting agency, subject to the confidentiality provisions in Section 16, without cost or expense to the County or that the regulatory agency, copies of any Developer Plans. Developer shall include in its contractors' and consultants' contracts the right to assign the Plans to the County. Documents prepared for Developer's confidential use and not released to third parties other than Developer's attorneys and confidential advisors shall not be considered Developer Plans for these purposes.

C. Entitlements. The County understands that Developer may seek to procure certain entitlements from the City related to the Developer's use or development of the County Property after the County Exchange is completed; provided, however, Developer shall not seek or obtain any such entitlements that would encumber the County's fee interest in the County Golf Course prior to completion of the County Exchange without the County's prior written consent. During the Term, Developer shall include the County in any substantive planning meetings, correspondence and other communications with the City or other applicable governmental agencies regarding any future development of the County Property and provide the County with copies of all zoning or entitlement applications, if any, related to the County Property for County review and approval. Developer shall provide the proposed filings and applications at least fifteen (15) business days before Developer intends to submit such filing or application. Developer shall not apply for any zoning or entitlement changes to the County Golf Course that would prevent or adversely impact or hinder the County's continued operation and use of the County Golf Course as a public golf course if the County Exchange is not completed.

9. Indemnity and Insurance.

A. Indemnity. Developer shall indemnify, defend (with counsel approved by County) and hold harmless the County and its subsidiaries and their respective representatives, employees, officials, directors, attorneys, consultants, successors and assigns (collectively, "Indemnitees") from any liability, claims, losses, costs, expenses or damages (including, without limitation, reasonable attorneys' fees and costs) (collectively, "Claims") in any way arising out of acts or omissions to act related to: (i) damage to property or bodily injury or death of any person; (ii) any entry upon the County Golf Course by Developer, its agents, employees and contractors; (iii) any Inspection made by Developer, its agents, employees and contractors; or (iv) the planning and preparation of, or challenge to any report or Plans (including the cost of such reports or Plans), except to the extent such Claims arise solely from the gross negligence or willful misconduct of the County, its agents, employees or contractors. The indemnities provided by Developer in favor of the County and the Indemnitees in this ENA shall not require payment as a

condition precedent and shall survive the termination, expiration or revocation of this ENA.

B. County shall indemnify, defend and hold harmless the Developer, Zaruka Investment Properties, LLC, and their subsidiaries and their respective representatives, employees, officials, directors, attorneys, consultants, successors and assigns (collectively, "Indemnitees") from any liability, claims, losses, costs, expenses or damages (including, without limitation, reasonable attorneys' fees and costs) (collectively, "Claims") in any way arising out of acts or omissions to act related to: (i) damage to property or bodily injury or death of any person; (ii) any entry upon the Developer Golf Course by County, its agents, employees and contractors; (iii) any Inspection made by County, its agents, employees and contractors; or (iv) the planning and preparation of, or challenge to any report or Plans (including the cost of such reports or Plans), except to the extent such Claims arise solely from the gross negligence or willful misconduct of the Developer, its agents, employees or contractors. The indemnities provided by County in favor of the Developer and the Indemnitees in this ENA shall not require payment as a condition precedent and shall survive the termination, expiration or revocation of this ENA.

C. Insurance. Prior to Developer or its employees', contractors' or consultants' entry on the County Golf Course, Developer shall provide the County with evidence of insurance in the form and subject to the requirements set forth in the ROE. Prior to County or its employees', contractors' or consultants' entry on the Developer Golf Course, County shall provide Zaruka with evidence of insurance in the form and subject to the requirements set forth in the County Entry Permit.

10. Failure to Reach Agreement.

A. Failure to Reach Agreement. This ENA is an agreement to enter into exclusive negotiations regarding a potential Exchange Agreement for the County Exchange. Each Party expressly reserves the right to decline to enter into any other agreement if the Parties fail to agree to terms satisfactory to both Parties after a good faith effort by the Parties to reach an agreement on the County Exchange. Except as expressly provided in this ENA, neither Party shall have any obligation, duty or liability hereunder in the event the Parties fail to timely agree upon and enter into any other agreement.

B. Failure of Conditions. The Parties recognize that one or more of the conditions to Developer's proposal set forth herein may fail to be met as a result of subsequent studies, reviews and proceedings including the exercise of discretion by the County or any public agency having regulatory jurisdiction in approving or disapproving the County Exchange.

11. Broker's Fees.

The Parties represent and warrant to each other that no broker or finder has been engaged by it or is in any way connected with the Transactions contemplated by this ENA on its behalf.

12. Non-Liability of County Officials and Employees.

Without limiting the provisions set forth herein, no member, elected or appointed official, representative, director, attorney, consultant or employee of the County shall be personally liable to Developer or any successor in interest, in the event of any default or breach by the County of any obligations under the terms of this ENA, or for any amount which may become due to Developer or to its successor under the terms of this ENA.

Without limiting the provisions set forth herein, no representative, director, or officer of the Developer shall be personally liable to the County or any successor in interest, in the event of any default or breach by the Developer of any obligations under the terms of this ENA, or for any amount which may become due to the County or to its successor under the terms of this ENA.

13. Assignment.

A. No Assignment. No assignment of this ENA is permitted without the County's prior written consent, which consent shall be provided in County's sole and absolute discretion. "Assignment" means: (i) any direct or indirect gift, sale, conveyance, assignment, sublease, hypothecation, encumbrance, or other transfer of all or any part of Developer's interest in or rights under this ENA or any part of its interest in or rights to the County Exchange; or (ii) any grant of control over the County Exchange, this ENA or any interest, right, or privilege herein, including the right to manage or otherwise operate the County Exchange. Notwithstanding the foregoing, Developer may assign this ENA to any entity in which any or all of Richard Lewis, Robert Lewis, Roger Lewis, Randall Lewis and/or John Goodman, directly or indirectly own a controlling interest.

B. Transfer of Interests in Developer. Shareholders, partners, members, or other equity holders of Developer may transfer, sell, exchange, assign or divest themselves of any interest they may have, so long as any sale, transfer exchange, assignment or divestment is not effected in such a way as to give majority control of Developer to any person(s), corporation, partnership or legal entity other than the majority controlling interest in Developer at the time of the Board of Supervisors' authorization to enter into this ENA.

14. Entire Agreement.

This ENA is the entire agreement of the Parties with respect to the matters set forth herein, and may not be amended except in writing signed by all of the Parties.

15. Covenant Against Discrimination.

Developer shall not discriminate against, nor segregate, in employment or the development, construction, sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of all or portions of the Golf Course, nor deny the benefits of or exclude from participation in, the County Exchange and all activities of Developer in connection with the Golf Course, any person, or group of persons, on account of race, color, religion, creed, national origin, ancestry, sex, sexual preference/orientation, marital status, age, disability, medical condition, Acquired Immune Deficiency Syndrome (AIDS), acquired or perceived, or retaliation for having filed a discrimination complaint.

16. County Public Disclosure.

Public Disclosure. Notwithstanding the foregoing Section 16A, Developer acknowledges and agrees that the County, as a government agency, (i) is subject to broad disclosure obligations under applicable law, including the California Public Records Act, and (ii) holds Board of Supervisors' meetings which are open to the public and at which information concerning the County Exchange may be disclosed including reports to the Board of Supervisors describing the Proposal and the County Exchange, and including any documents to be approved by the Board of Supervisors. Nothing in this ENA shall prohibit any disclosure required by relevant law, as determined in the County's sole discretion.

17. Compliance with Laws.

During the term of this ENA, Developer, at its expense, shall comply with all applicable federal, state and local laws, ordinances, regulations, rules and orders with respect to the subject matter of this ENA.

18. Successors and Assigns.

This ENA shall be binding on and inure to the benefit of the Parties and their respective permitted successors and assigns.

19. Notices.

All notices required or permitted hereunder shall be delivered in person, by courier or overnight delivery service (e.g., USPS Express Mail, FedEx Express, etc.), or by registered or certified mail, postage prepaid, return receipt requested to such Party at its address shown below, with an additional courtesy copy by facsimile transmission or electronic mail, or to any other place designated in writing by such Party.

County: County of Los Angeles
Chief Executive Office
Real Estate Division
222 S. Hill St, 3rd Floor
Los Angeles, CA 90012
Attention: Christopher M. Montana
Director of Real Estate
Email: _____

With a copy to: Office of the County Counsel
648 Kenneth Hahn Hall of Administration
500 W. Temple St.
Los Angeles, CA 90012
Attention: Mary C Wickham
Email: _____

And to: Los Angeles County Department of Parks and Recreation
510 S. Vermont Avenue
Los Angeles, CA
Attn: _____

Developer: Lewis Acquisition Company, LLC
c/o Lewis Operating Corp
1156 North Mountain Avenue
P.O. Box 670
Upland, CA 91785
Attention: John M. Goodman, Senior VP/CEO/ CFO
Email: john.goodman@lewisop.com

With a copy to: Lewis Operating Corp.
1156 North Mountain Avenue
P.O. Box 670
Upland, CA 91785
Attention: Kyle Weichert, VP
Email: Kyle.Weichert@lewisop.com

With a copy to: Lewis Operating Corp
1156 North Mountain Avenue
P.O. Box 670
Upland, CA 91785
Attention: W. Bradford Francke, VP/Assoc. General Counsel
Email: brad.francke@lewisop.com

Any such notice shall be deemed received (i) upon delivery, if delivered personally, (ii) the next business day after delivery if delivered by courier or overnight delivery service (e.g., USPS Express Mail, FedEx Express, etc.), or (iii) three (3) days after deposit into the United States Mail in Los Angeles County, California, if delivered by registered or certified mail.

20. Interpretation.

A. Construction. This ENA shall be construed in accordance with its fair meaning, and not strictly for or against either Party.

B. Conflict. In the event of a conflict between this ENA and the exhibits attached hereto, the terms of this ENA shall govern.

C. Gender. When the context of this ENA requires, (i) the neuter gender includes the masculine and feminine and any entity, and (ii) the singular includes the plural.

D. Section Headings. The headings of the Articles and Sections of this ENA are inserted solely for convenience of reference and are not intended to govern, limit or aid in the construction of any term or provision hereof.

E. Interpretation. The word "including" shall be construed as though the words "but not limited to" were, in each case, appended thereafter, and shall not be deemed to create a limitation to the list that follows "including".

F. Incorporation of Recitals. The Recitals set forth on pages 1 and 2 of this ENA are incorporated herein by reference.

//Signature page follows//

IN WITNESS WHEREOF, County and Developer have signed this ENA as of the dates set forth below.

County:
COUNTY OF LOS ANGELES

By: 
SACHI A. HAMAI
Interim Chief Executive Officer

Date: October 2, 2015

Approved as to form:
MARY C. WICKHAM
Interim County Counsel

By: 
Deputy

Date: SEPTEMBER 14, 2015

Developer:
LEWIS ACQUISITION COMPANY, LLC.
a California liability company

By: Lewis Operating Corp., Its Manager

By: 
Name: John M. Goodman
Title: Senior VP/CEO/CFO

Date: August 19, 2015

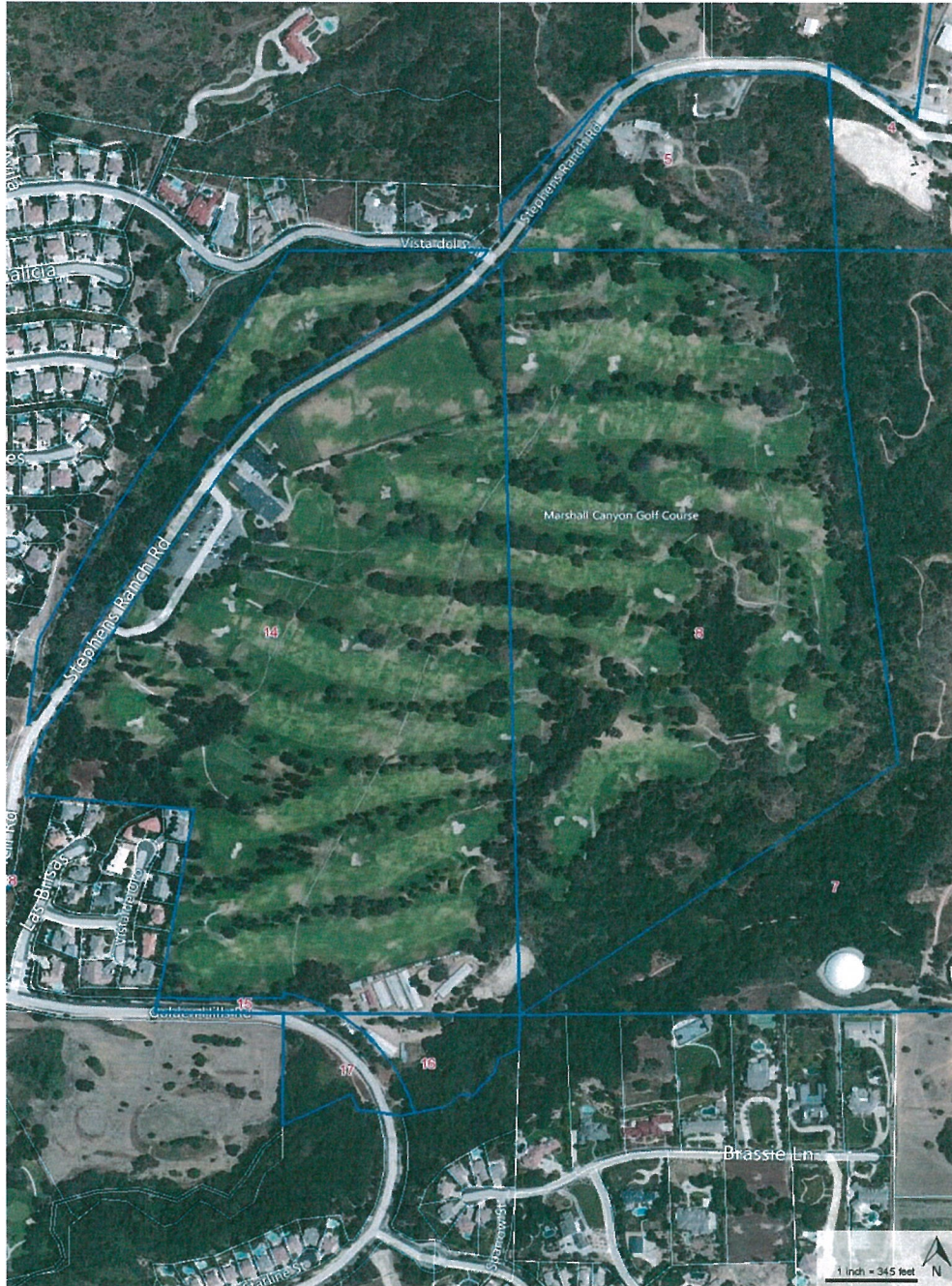
Approved as to form:

By: 
Counsel for Developer

Date: 8/19/15

Exhibit A

COUNTY GOLF COURSE



Current report item is not supported in this report format.

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1

Exhibit B

DEVELOPER GOLF COURSE

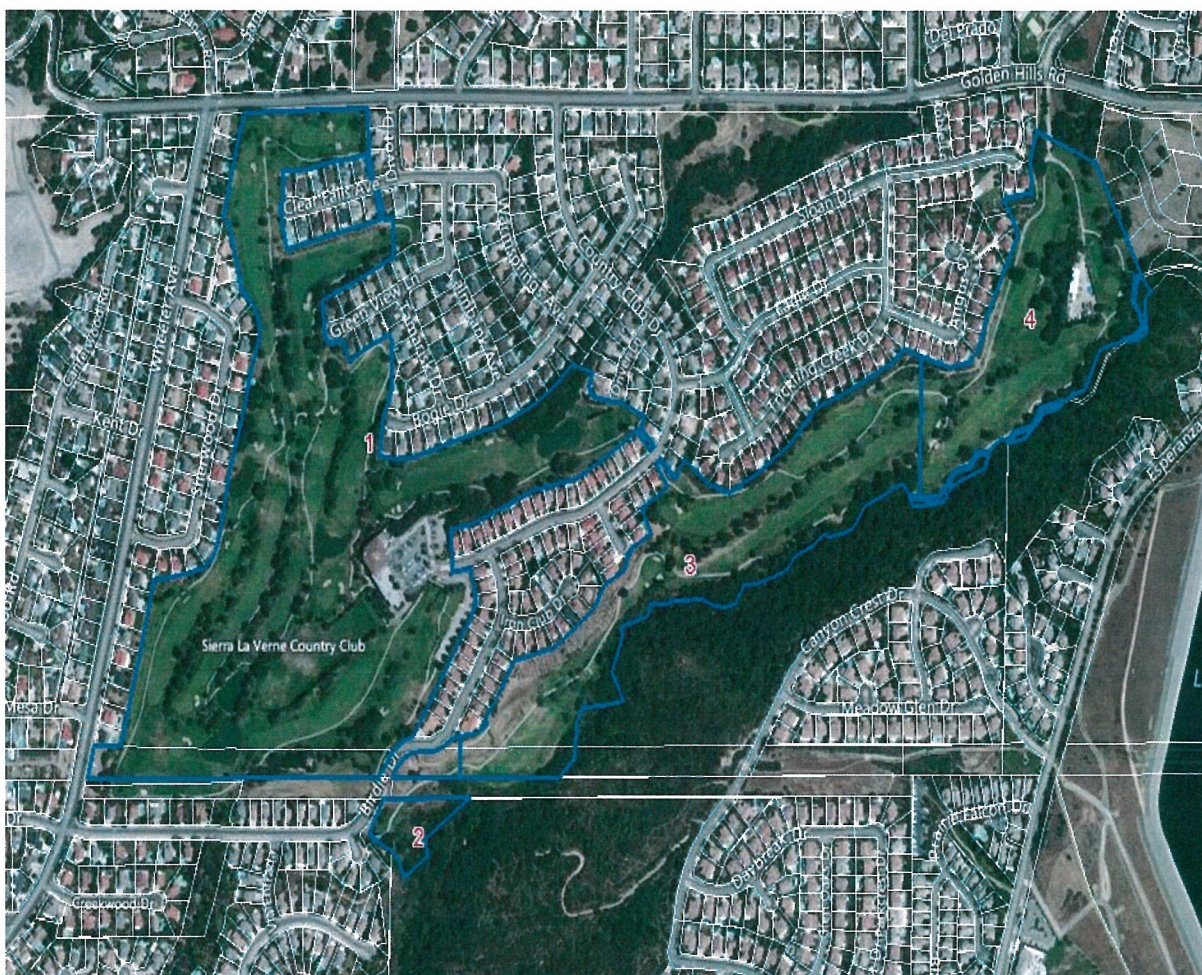


Exhibit C

**COUNTY GOLF COURSE
RIGHT OF ENTRY PERMIT**

[SEE ATTACHED]



SACHI A HAMAI
Interim Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE
REAL ESTATE DIVISION
222 South Hill Street, 3rd Floor, Los Angeles, California 90012
(213) 974-4300
<http://ceo.lacounty.gov>

PERMIT TO ENTER

Permittee: Lewis Acquisition Company, LLC, a Delaware limited liability company

Permit No.
Chapter 2.08
Consideration: See Section 4
Expiration: See Section 3
Chris Montana,
Director of Real Estate Division
Telephone: (213) 974-4200
FAX: (213) 217-4968

-
1. PREMISES: Permittee, after execution by the County of Los Angeles ("County") Chief Executive Officer, is hereby granted permission to enter County property identified as County Assessor's Parcel Numbers ("APN") _____ and _____, also known as _____, as depicted on Exhibit "A", attached hereto and incorporated herein by this reference ("Premises"). Entry constitutes acceptance by Permittee of all conditions and terms of this Permit.
 2. PURPOSE: The sole purpose of this Permit is to allow Permittee and its subcontractors to enter the Premises to conduct site surveying and geotechnical/geological testing and sampling work and such other inspections and studies all as set forth in that Exclusive Negotiation Agreement dated _____, 2015 between Permittee and County. This work may include conducting metes and bounds survey work, Underground Mark Out Service (Dig Alert) surveying; boring and soil sampling to test soil conditions.
 3. TERM: The term of this Permit shall be for a period of six (6) months, commencing upon the date that the County executes this Permit. This Permit shall terminate six (6) months after the Commencement Date. The hours of operation for this Permit shall be between 8:00 a.m. and 5:00 p.m. The term may be extended by mutual agreement in writing between Permittee and County.
 4. CONSIDERATION: Consideration for this Permit shall be Permittee's faithful performance of its obligations under this Permit.

5. ADDITIONAL CHARGES: Permittee agrees to pay any charges for utilities that may be required and for the safekeeping of the Premises for the prevention of any accidents as a result of the Permittee's activities thereon.
6. NOTICE: Notices desired or required to be given by this Permit or by any law now or hereinafter in effect may be given by enclosing the same in a sealed envelope, Certified Mail, Return Receipt Requested, addressed to the party for whom intended and depositing such envelope with postage prepaid in the U.S. Post Office or any substation thereof, or any public letter box, and any such notice and the envelope containing the same shall be addressed to Permittee as follows:

Lewis Acquisition Company, LLC
c/o Lewis Operating Corp.
1156 North Mountain Avenue
P.O. Box 670
Upland, CA 91785

Attention: John M. Goodman, Senior VP/CEO/ CFO

or such other place in California as may hereinafter be designated in writing by the Permittee. The Notices, Certificates of Insurance and Envelopes containing the same to County shall be addressed to:

County of Los Angeles
Chief Executive Office, Real Estate Division
222 South Hill Street, Third Floor
Los Angeles, California 90012
Attention: Chris Montana, Manager
Director of Real Estate Division

7. INDEMNIFICATION: Permittee agrees to indemnify, defend and save harmless County, its Special Districts, agents, elected and appointed officers and employees from and against any and all liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage, including damage to County property, arising from or connected with Permittee's operations, or its services hereunder, including any Workers' Compensation suits, liability, or expense, arising from or connected with services performed by or on behalf of Permittee by any person pursuant to this Permit. Permittee shall have no liability under this Permit arising from the mere discovery of any hazardous materials or other detrimental physical condition on the Premises.
8. GENERAL INSURANCE REQUIREMENTS: Without limiting Permittee's indemnification of County, Permittee shall provide and maintain the following types and limits of insurance. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by County, and such coverage shall be provided and maintained at Permittee's own expense.
 - a. Evidence of Insurance: Certificate(s) or other evidence of coverage satisfactory to County shall be delivered to the County of Los Angeles prior to Permittee's entry. Such certificates or other evidence shall identify this Permit, clearly evidence all required coverages, and permittee shall provide County with, or permittee's insurance policies shall contain a provision that County shall receive, written notice

of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

- b. Insurer Financial Ratings: Insurance is to be provided by an insurance company acceptable to the County with an A.M. Best rating of not less than A:VII, unless otherwise approved by County.
- c. Permittee's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Permit, upon which County immediately may suspend or terminate this Permit. County, at its sole discretion, may obtain damages from Permittee resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Permittee, pursue Permittee for reimbursement.
- d. Notification of Incidents, Claims or Suits: Permittee shall report to County any accident or incident relating to Permittee's entry which involves injury or property damage which may result in the filing of a claim or lawsuit against Permittee and/or County in writing within 24 hours of occurrence.

9. INSURANCE COVERAGE REQUIREMENTS:

- a. General Liability insurance (written on ISO policy form CG 00 01 or its equivalent), naming County as an additional insured, with limits of not less than the following:

General Aggregate:	\$2 million
Products/Completed Operations Aggregate:	\$1 million
Personal and Advertising Injury:	\$1 million
Each Occurrence:	\$1 million
- b. Automobile Liability insurance (written on ISO policy form CA 00 01 or its equivalent) with a limit of liability of not less than \$1 million for each accident. Such insurance shall include coverage for all "owned", "hired" and "non-owned" vehicles, or coverage for "any auto", as appropriate.
- c. Workers Compensation and Employers' Liability insurance providing workers compensation benefits, as required by the Labor Code of the State of California or by any other state, and for which Permittee is responsible. If Permittee's employees will be engaged in maritime employment, coverage shall provide workers compensation benefits as required by the U.S. Longshore and Harbor Workers' Compensation Act, Jones Act or any other federal law for which Permittee is responsible.

In all cases, the above insurance also shall include Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

Compensation for County Costs. In the event that Licensee fails to comply with any of the indemnification or insurance requirements of this License, and such failure to comply results in any costs to County, Permittee shall pay full compensation for all reasonable costs incurred by County.

10. **FAILURE TO PROCURE INSURANCE:** Failure on the part of Permittee to procure or maintain required program(s) of insurance shall constitute a material breach of contract upon which County may immediately terminate this Permit.

11. **OPERATIONAL RESPONSIBILITIES:** Permittee shall:

- a. Comply with and abide by all applicable rules, regulations and directions of County.
- b. Comply with all applicable City and County ordinances and all State and Federal laws, and in the course thereof obtain and keep in effect all permits and licenses required to conduct the permitted activities on the Premises.
- c. Maintain the Premises and surrounding area in a clean and sanitary condition to the satisfaction of County.
- d. Conduct the permitted activities in a courteous and non-profane manner; operate without interfering with the use of the Premises by County. County has the right to request Permittee to remove any agent, servant or employee who fails to conduct permitted activities in the manner heretofore described.
- e. Assume the risk of loss, damage or destruction to any and all fixtures and personal property belonging to Permittee that are installed or placed within the area occupied.
- f. Repair or replace any and all County property lost, damaged, or destroyed as a result of or connected with the conduct or activities of the Permittee. In the event utility services, including but not limited to sewer services, for the Premises are interrupted, Permittee shall promptly make repairs. Should Permittee fail to promptly make any and all repairs required by County during or following completion of Permittee's project, County may have repairs made at Permittee's cost and Permittee shall pay costs in a timely manner.
- g. Pay charges for installation and service costs for all utilities used for the conduct of the permitted activities, if needed.
- h. Except for the purpose described in Section 2, Permittee agrees to restore the Premises, prior to the termination of this Permit, and to the satisfaction of County, to the conditions that existed prior to the commencement of the permitted activities, excepting ordinary wear and tear or damage or destruction by the acts of God

beyond the control of Permittee. This shall include removal of all rubbish and debris, as well as structures placed on the Premises by Permittee in order that the Premises will be neat and clean and ready for normal use by County on the day following the termination of this Permit. Should Permittee fail to accomplish this, County may perform the work and Permittee shall pay the cost.

- i. Allow County to enter the Premises at any time to determine compliance with the terms of this Permit, or for any other purpose incidental to the performance of the responsibilities of the Chief Executive Office.
 - j. Provide all security devices required for the protection of the fixtures and personal property used in the conduct of the permitted activities from theft, burglary or vandalism, provided written approval for the installation thereof is first obtained from the Chief Executive Office.
 - k. Prohibit all advertising signs or matter from display at the Premises, other than signs displaying the name of Permittee.
 - l. Prohibit the sale of food.
 - m. Keep a responsible representative of the Permittee available on the Premises during the times that Permittee is using said Premises for the purposes stated in Section 2 above. This person shall carry copies of this Permit for display upon request.
 - n. Prior to entry onto the Premises pursuant to this Permit, notify County, in writing, of the times and dates the work or activity is to take place.
 - o. Request, in writing, permission of County to enter the Premises not less than forty-eight (48) hours in advance, together with a description of the nature and extent of activities to be conducted on the Premises.
 - p. At Permittee's sole cost and expense, be responsible for the cost of repairing the parking lot, sidewalks, driveways, landscaping and irrigation systems on the Premises which may be damaged by Permittee or Permittee's agents, employees, invitees or visitors, during and/or following the construction of Permittee's project, to County's satisfaction. Said repairs shall include the restoration of said landscaping and rerouting of said irrigation systems affected by Permittee's work on the Premises, if necessary.
12. **INDEPENDENT STATUS:** This Permit is by and between County and Permittee and is not intended and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture or association as between County and Permittee. Permittee understands and agrees to bear the sole responsibility and liability for furnishing Workers' Compensation benefits to any person for injuries arising from or connected with services performed on behalf of Permittee pursuant to this Permit.
13. **EMPLOYEES:** All references to the "Permittee" in the Permit are deemed to include the employees, agents, assigns, contractors, and anyone else involved in any manner in the exercise of the rights therein given to the undersigned Permittee.

14. **LIMITATIONS:** It is expressly understood that in permitting the right to use said Premises, no estate or interest in real property is being conveyed to Permittee, and that the right to use is only a nonexclusive, revocable and unassignable permission to enter the Premises in accordance with the terms and conditions of the Permit for the purpose of conducting the activities permitted herein.
15. **ASSIGNMENT:** This Permit is personal to Permittee, and in the event Permittee shall attempt to assign or transfer the same in whole or part all rights hereunder shall immediately terminate.
16. **AUTHORITY TO STOP:** In the event that an authorized representative of the County finds that the activities being held on the Premises unnecessarily endanger the health or safety of persons on or near said property, the representative may require that this Permit immediately be terminated until said endangering activities cease, or until such action is taken to eliminate or prevent the endangerment.
17. **DEFAULT:** Permittee agrees that if default shall be made in any other terms and conditions herein contained, County may forthwith revoke and terminate this Permit.
18. **ALTERATIONS AND IMPROVEMENTS:** Permittee has examined the Premises and knows the condition thereof. Permittee accepts the Premises in the present state and condition and waives any and all demand upon the County for alteration, repair, or improvement thereof. Permittee shall make no alteration or improvements to the Premises, except those identified in Section 2 hereof, without prior written approval from the County, and any fixtures and/or personal property incidental to the purposes described in Section 2 hereof shall be removed by Permittee prior to the termination of this Permit, and in the event of the failure to do so, title thereto shall vest in County. All betterments to the Premises shall become the property of County upon the termination of this Permit.
19. **COUNTY LOBBYIST ORDINANCE:** Permittee is aware of the requirements of Chapter 2.160 of the Los Angeles County Code with respect to County Lobbyists as such are defined in Section 2.160.010 of said Code, and certifies full compliance therewith. Failure to fully comply shall constitute a material breach upon which County may terminate or suspend this Permit.
20. **INTERPRETATION:** Unless the context of this Permit clearly requires otherwise: (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes and "including" are not limiting.
21. **ENTIRE AGREEMENT:** This Permit contains the entire agreement between the parties hereto, and no addition or modification of any terms or provisions shall be effective unless set forth in writing, signed by both County and Permittee.
22. **TIME IS OF THE ESSENCE:** Time is of the essence for each and every term, condition, covenant, obligation and provision of this Permit.
23. **POWER AND AUTHORITY:** The Permittee has the legal power, right and authority to enter into this Permit, and to comply with the provisions hereof. The individuals executing

this Permit on behalf of any legal entity comprising Permittee have the legal power, right and actual authority to bind the entity to the terms and conditions of this Permit.

24. SURVIVAL OF COVENANTS: The covenants, agreements, representations and warranties made herein are intended to survive the termination of the Permit.

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PERMITTEE:

LEWIS ACQUISITION COMPANY, LLC.
a California liability company

By: Lewis Operating Corp., Its Manager

By: _____
Name: John M. Goodman
Title: Senior VP/CEO/CFO

Date: _____

Who hereby personally covenants, guarantees and warrants that he/she has the power and authority to obligate the Permittee to the terms and conditions in this Permit. Please sign before a Notary Public and return for approval. Upon approval a signed copy will be mailed to Permittee.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document, to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of _____ }
County of _____ }

On _____ before me, _____,
a notary public, personally appeared _____, who proved
to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed
to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

Pursuant to Chapter 2.08 of the Los Angeles County Code, this Permit has been executed on
behalf of the County of Los Angeles by the Chief Executive Officer on the _____ day of
_____, 2015.

PERMITTER:

COUNTY OF LOS ANGELES

ATTEST:

DEAN LOGAN
Registrar-Recorder/County Clerk

SACHI A. HAMAI
Interim Chief Executive Officer

BY: _____
Deputy

By: _____
Christopher M. Montana
Director of Real Estate Division

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

BY: _____
Deputy

Exhibit D
COUNTY ENTRY PERMIT

Sections 6.3.1, 6.3.2, and 6.3.3 from February 2, 2015 OPTION AGREEMENT between Lewis Acquisition Company, LLC, a Delaware limited liability company ("Optionee"), and Zaruka Investment Properties, LLC, a California limited liability company ("Optionor")

6.3.1. Optionee and the County of Los Angeles, ("County"), and their respective agents, engineers, surveyors, appraisers, consultants, contractors, architects, auditors and other representatives (collectively the "Authorized Representatives") shall have the right to enter upon the Property to inspect, examine, survey, test, appraise, and otherwise do that which, in the opinion of Optionee, is necessary to determine the suitability of the Property for the continued and future use and operation of the Property by Optionee and/or the County as a public golf course that is operated and maintained after the Closing in accordance with all rules and regulations for a County-owned facility which may preclude any memberships and require operation as a daily-fee facility, and for any other uses desired by Optionee. Any such activities by Optionee and/or the County on the Land or within the Golf Course buildings shall be subject to two (2) business days' prior written notice to Optionor describing the activities to be conducted on the Property. All such activities shall be conducted in a commercially reasonable manner and in a manner that will minimize any interference with Optionor's ongoing operation and management of the Golf Course and Optionor shall have the right to be present during any such activities

6.3.2. Optionee and County and their Authorized Representatives may undertake such investigations as either may elect to perform in their sole discretion (subject to compliance with Section 6.3.1 and all other applicable provisions of this Agreement) so that Optionee and the County may determine the feasibility and viability of Optionee and/or the County owning and operating the Land and the Golf Course as a public facility including, without limitation, investigations as to (i) the availability and cost of all water, sewer and other utility capacity to service the Golf Course, (ii) the physical condition of the Golf Course, including the condition of all buildings, structures and equipment, and (iii) all revenues and expenses related to the use, operation and maintenance of the Golf Course. Optionee, County and their respective Authorized Representatives shall restore the Property to its substantially similar condition after any and all tests and/or inspections.

6.3.3. The Authorized Representatives performing physical inspections for Optionee or County shall be properly licensed and qualified and shall have delivered to Optionor, prior to entering or performing any tests on the Land or Golf Course, an original endorsement to their respective commercial general insurance policies which evidences proper and adequate insurance reasonably satisfactory to Optionor, covering (i) the activities of the Authorized Representatives on or upon the Property, and (ii) Optionee's indemnity obligation contained in Section 6.3.4, below. Such endorsements to such insurance policies shall evidence that such insurance policies shall have at least Two Million Dollars (\$2,000,000.00) combined, single-limit, commercial general liability coverage for those persons or entities performing any invasive inspections and/or testing, and at least One Million Dollars (\$1,000,000.00) combined, single-limit, commercial general liability coverage for all other persons or entities, shall name Optionor as additional insured, shall be primary and noncontributing with any other insurance available to Optionor and shall contain a full waiver of subrogation clause.